

Top Secret 213

(Security Classification) 25X1

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NATIONAL INTELLIGENCE DAILY CABLE

Monday 18 September 1978 CG NIDC 78/218

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NATIONAL SECURITY INFORMATION
Unauthorized Disclosure Subject to Criminal Sanctions

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LATE ITEM

NICARAGUA: Situation Report

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[] *The Nicaraguan National Guard scored marked weekend successes against rebel-held cities in the interior, although new guerrilla attacks yesterday demonstrated at least the insurgents' potential for widening both the military and international aspects of their struggle against President Somoza. The Guard may, however, be reaching the limits of its effectiveness in responding to simultaneous and widespread attacks. The government and the opposition are inclined toward some form of negotiation, even if they are probably still far apart on specifics and objectives.*

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[] The National Guard over the weekend retook the country's second largest city, Leon, claimed control of Chinandega, and extended operations in Esteli, although it apparently did not secure the latter town. Early yesterday, Sandinist National Liberation Front guerrillas moved from Costa Rica to attack the Penas Blancas border post. The insurgents reportedly used mortars and rockets, their heaviest use of artillery. The town, however, was reported still under National Guard control last night.

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[] A confused series of reports suggested that Rivas, Santa Cruz, and Las Manos may also have been attacked. Managua remains calm and, contrary to some press reports, there are no critical shortages.

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[] The Guard's command and control is extremely centralized; President Somoza has virtually assumed control of the operations center, and his son, Major "Tachito" Somoza, directs the principal Guard units being used to retake the interior cities.

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[] Although both Somozas have performed efficiently and maintain reasonably high spirits, the US defense attache in Managua believes the military system probably could not respond effectively to increased demands for extended multiple operations.

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[] The 8,200-man Guard is too small to strengthen all its garrisons in the interior sufficiently to prevent guerrilla initiatives or to prevent renewed attacks after temporary troop reinforcements depart. According to the attache, during the last week the Guard has suffered 35 dead and 87 wounded; Sandinista

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[redacted]

casualties are unknown. If the Sandinistas can increase their numbers and step up operations, the Guard will have difficulty reacting without weakening the major concentration in Managua that is central to Somoza's strategy.

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[redacted] Somoza at first accused Venezuela and Costa Rica of complicity in the Penas Blancas attack on the basis of a report that one of the five Venezuelan planes sent to Costa Rica last week had overflowed Nicaragua during the assault. Checks by US officials, however, appeared to substantiate Costa Rica's contention that the aircraft have remained in San Jose.

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[redacted] Later yesterday Somoza, Venezuelan President Perez, and Costa Rican President Carazo appeared to be exercising restraint. An OAS fact-finding commission appointed to investigate the original border incidents of last week was due in the area yesterday.

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[redacted] The Nicaraguan President, however, faces frustrations in dealing with Costa Rica, which is a safehaven for the guerrillas. For example, the Penas Blancas attack was led by Eden Pastora, who also led the attack last month on the National Palace, similarly staged from Costa Rica. Only last Wednesday, Pastora was picked up in Costa Rica and deported to Panama.

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[redacted] //Somoza has been increasingly concerned with Latin American efforts against him. In an effort to increase pressure, Venezuela on Saturday signed a mutual assistance pact with Costa Rica. Panamanian leader Torrijos, who sent four helicopters to Costa Rica last week, told a US official on Friday that a rifle company was ready to move to Costa Rica for "peaceful purposes."

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[redacted] //Public efforts are under way in Panama to recruit an international brigade; the vice minister of health has resigned to fight on behalf of the Nicaraguan people.//

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[redacted] Foreign Minister Quintana has told the US Embassy that the government wants to negotiate with the opposition coalition, although it cannot recognize the Communist guerrilla organization.

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[REDACTED] There are no reliable figures on the number of civilians killed in the recent fighting; estimates in Leon range from 200 to 2,000. Nearly 2,500 refugees have crossed into Honduras in the last 24 hours.

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National Intelligence Daily Cable for Monday, 18 September 1978

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[REDACTED] The NID Cable is for the purpose of informing senior US officials.

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SOUTH AFRICA: Vorster's Plans

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[] South African Prime Minister Vorster is expected to announce tomorrow if he will continue in office. Rumors that the Prime Minister's health might force him to resign or to step up to the now largely ceremonial post of State President gained momentum over the weekend, as leading members of the ruling National Party increased their behind-the-scenes campaigning to succeed to his office.

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[] If Vorster resigns, he will have an important--although not necessarily decisive--role in choosing his successor. Members of the parliamentary caucus who are strongly influenced by their predominantly conservative constituents will elect the new prime minister.

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[] There are four frontrunners, none of whom would change the existing policy of denying blacks political rights outside the so-called "independent homelands." All however, differ somewhat in their approaches to foreign policy.

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[] Minister of Defense P. W. Botha takes a hard line on both foreign and domestic issues. He is currently leading the fight in the cabinet against acceptance of the proposals for UN involvement in Namibia. Minister of Plural Affairs Connie Mulder, who advocates a slightly more benevolent racial policy, is considered conservative on both domestic and foreign policy.

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[] Minister of Foreign Affairs Roelof ("Pik") Botha takes the most flexible approach to both the internal and external problems facing South Africa. Botha has considerable personal popularity among whites. However, a new prime minister is not chosen by popular referendum; and Botha--a relative newcomer to politics--has not yet built a strong party base.


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[] Another Botha in the running--none are related--is Fanie Botha, the Minister of Labor. Because of his middle-of-the road views and lack of enemies, he could emerge as a compromise. His chances, however, may have been damaged by recent rumors of impropriety in his personal life.

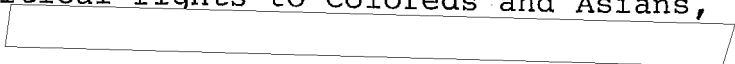
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 If Vorster moved to the state presidency, he probably would use his influence to solve what he considers the crucial problems of a peaceful independence settlement for Namibia and the implementation of a proposed new South African Constitution that would give some political rights to Coloreds and Asians, although not to blacks.

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USSR: Jewish Emigration

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Jewish emigration from the USSR increased dramatically during the last year and continues to accelerate. If the rate for the first eight months continues to the end of the year, considerably more Jews will receive exit visas in 1978 than in any year since 1973. Soviet willingness to permit larger numbers of Jews to leave is probably meant to neutralize foreign opposition to the internal crackdown. It also reflects an increasing tendency to regard emigration as a safety valve that keeps Jewish activism inside the Soviet Union within tolerable limits.

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[] In deciding to relax emigration restrictions, Moscow probably was motivated in part by a desire to demonstrate that its internal policies are more flexible when they are not subjected to public criticism by the US Government. The trend toward increased emigration has run counter to the tension characterizing overall bilateral relations during the last year. In particular, the trend has accompanied an unusually harsh crackdown on internal dissent in the face of strong US official protests.

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[] During this period, longtime Jewish activists who have attracted Western support have continued to have difficulty getting out. The other side of the coin is that Moscow is permitting most first-time applicants to leave, thus conveying the message that progress is possible except in widely publicized cases.

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[] Similarly, the apparent decision to release a number of "refuseniks" (those previously refused permission to leave), which became known after President Brezhnev's recent meeting with Senator Kennedy, may have been intended, at least in part, to signal the US administration that quiet diplomacy is more effective than public protest in securing concessions.

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[] Many Jews in Moscow believe the higher rate of emigration merely reflects an increase in applications to emigrate that has in turn resulted from heightened Jewish consciousness in the wake of the Conference on Security and Cooperation in Europe. According to this line of reasoning, the authorities have permitted increased emigration because they were not prepared to cope with the much larger refusenik communities that otherwise would have resulted.

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[] It may well be that Soviet authorities have decided the domestic costs of restricting emigration are even greater than the costs of emigration, which are considerable. The departure of the relatively well educated Jews creates something of a "brain drain," poses security problems when emigres possess information of interest to Western intelligence, and runs the risk of stimulating other minority groups to emulate Jewish efforts to emigrate. Many Soviet officials, however, have probably reached the point of preferring to release those Jews who wish to leave--seeing them as an unreliable, unassimilable, and disruptive element in Soviet society.

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[redacted] Rumors have circulated in Odessa and Moscow during recent weeks that emigration will be cut off before the 1980 Olympics. This suggests a more specific reason underlying the current higher rate of emigration; Moscow may think it necessary in order to reduce the chances of protests by Soviet Jews--especially if, as the Western press has speculated, the Soviet authorities contemplate banning Israel from the Olympics. Because the bulk of those Jews currently departing are from relatively isolated provincial areas, however, such emigration is not likely to eliminate this problem. [redacted]

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CHINA-TAIWAN: Relations

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[redacted] *Peking is now encouraging its marketing agents in Hong Kong to sell products from the mainland in Taiwan. While the move will prompt a slight increase in export earnings for Peking, its more important objective is to enhance Peking's image of "reasonableness" toward Taipei.*

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[redacted] In explaining this policy shift to Hong Kong businessmen, mainland officials said that such indirect trade was "an important way to improve relations between the two parts of China and to hasten reunification." As Peking clearly intended, these comments were widely reported by the press in Hong Kong.

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[redacted] For some months now, Chinese leaders have tried to put a benign face on their policy toward Taipei while depicting it as the intransigent party. In a conversation with Japanese journalists last week, Vice Premier Teng Hsiao-ping again implied China's interest in a negotiated settlement by saying that, if Peking formally disavowed the use of force, Nationalist Chinese leaders would have little incentive to talk.

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[redacted] Many firms in Hong Kong with exclusive marketing rights for Chinese goods have been circumventing the ban on re-exports to Taiwan for some time; last year, Peking earned a record \$30 million from such trade. With the risk of a loss of marketing

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[redacted]

rights completely removed as a result of the policy shift, however, sales to Taiwan by firms in Hong Kong should increase significantly.

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[redacted] We estimate that Peking will probably earn more than \$50 million in foreign exchange from such sales this year. Taipei, for its part, has had little success in its efforts to limit imports of Chinese goods from Hong Kong and sells almost no goods to the mainland. [redacted]

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BRIEF

Iran

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[] Iran is relatively quiet, although discontent with the government clearly has not abated.

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[] Prime Minister Sharif-Emami easily won a vote of confidence in the lower house of parliament on Saturday, but about a quarter of the members were absent from the session, apparently in protest. A leading religious figure, who has been urging the people to avoid violence, vowed that he will not cooperate with Sharif-Emami, who he said is "unfit to govern."

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[] There have been no significant demonstrations in the past few days, but isolated violence continues. The most serious incident was an attack on Friday in which men dressed as soldiers killed seven members of a martial law patrol. []

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